

Placer County Affordable Housing Strategy

Executive Summary

In 1996, Placer County approved the formation of the first of three major redevelopment projects designed to stimulate economic growth, and to eliminate blighted and underdeveloped conditions. A major by-product of these redevelopment programs is the production of low and moderate income housing funds. California Redevelopment Law mandates that twenty percent of the tax increment funds generated within each redevelopment project area must be set-aside for affordable housing purposes.

In addition to the funding produced by redevelopment, minimum affordable housing production quotas are mandated for redevelopment project areas in which new housing is produced. In 1998, these new factors, combined with a variety of on-going affordable housing activities within Placer County, prompted the County to initiate a comprehensive review of all of its affordable housing implementation policies and activities. The goal of this effort is to establish a rational, well-crafted, and cohesive long-term housing program based on needs and conditions unique to Placer County, and on the County's capacity to effectively deliver programs.

This report reviews the formally adopted, affordable housing goals and policies that are contained throughout the Placer County Housing Element, its various community plans, and redevelopment plans. The goals and policies are reviewed, summarized and categorized as *regulatory actions*, *public resource expenditures*, or *organizational policies*. The policies indicate substantive support for affordable housing programs.

The report next looks at the variety of on-going, affordable housing programs in Placer County, and the range of programs that are potentially available to be implemented within the County, the areas for which they are most suitable for each particular program, and the method of program delivery.

The three redevelopment project areas (North Tahoe, North Auburn, and Sunset Industrial) housing program priorities are closely examined, in view of the need to identify expenditure priorities for affordable housing funds that are projected to be generated as a result of redevelopment activities.

Finally, the organization and staffing of the County's affordable housing programs are examined, and staffing and organizational recommendations, designed to provide for the most effective delivery of housing programs, are presented.

The following is a summary of the major conclusions and recommendations of the report.

Based on a review of affordable housing programs, the report recommends, in general, that the County housing program should focus upon:

- * The preservation of the existing housing stock through the rehabilitation of substandard housing.
- * The delivery of first-time home ownership programs which target low- and moderate- income families.
- * Assisting in the production of new rental housing within target communities.

The programs recommended Countywide, and for the three redevelopment areas(RDA) are as follows:

**Placer County
Affordable Housing Priorities**

Location	1 st Priority	2 nd Priority	3 rd Priority
North Auburn RDA	Production of New Affordable Housing	First-time Homebuyer Assistance Program	Housing Rehabilitation
North Tahoe RDA	Housing Rehabilitation	First-time Homebuyer Assistance Program	New Low-Income Employee and Seniors Housing
Sunset Industrial RDA	Establish Fund for Rental Housing Development for New Employees	Rehabilitation of Existing Housing in Sheridan and Other Unincorporated Areas Near the Industrial Area	Establish Fund for New Employee Targeted First-Time Homebuyer Assistance Program
Countywide	Housing Rehabilitation	New Affordable Rental Housing	First-time Homebuyer Assistance Program

A primary concern is to comply with the regulatory housing requirements of Redevelopment Law. Additionally, as part of its review and approval of the strategy, the Board of Supervisors adopted the following policy guidelines for the implementation of Placer County's Affordable Housing Strategy:

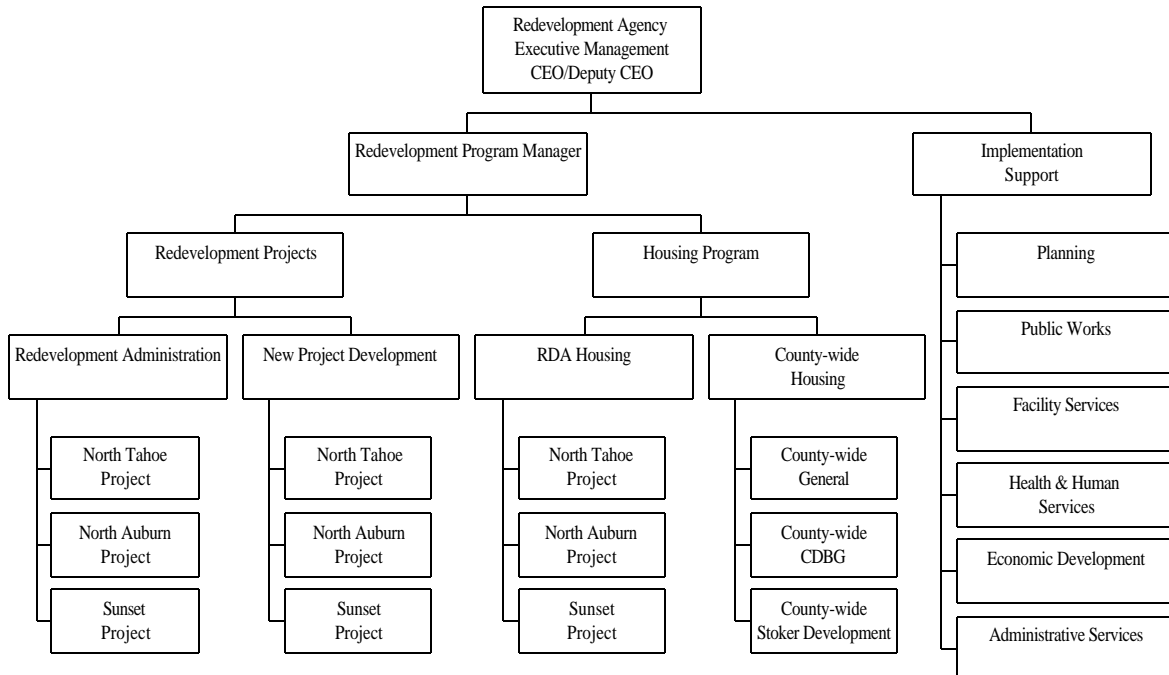
- * No public ownership of housing - the mission is to provide assistance to private and non-profit affordable housing development interests

- * Begin with small projects to build success, staff expertise and minimize financial risk
- * In rehabilitation activities provide low-interest loans rather than grants to allow growth of the capital available for housing programs
- * In construction activities highly leverage private sector and other public sector funding sources - use loans/grants to purchase long-term affordability covenants
- * Redevelopment Housing set-aside funds will be used to match and maximize leverage of private sector, non-profit, federal, and state funding sources
- * As the County has given a significant amount of general fund capacity to the Redevelopment Agency as part of the state established funding formula, no additional County general funds will be used to subsidize the housing program

Organization and staffing recommendations consider present arrangements, including the role of the Department of Health and Human Services, the Planning Department, the Redevelopment Agency, and departments involved in implementation support. The County has implemented home repair programs using Community Development Block Grant (CDBG) funds, administered mortgage credit certificates, and Section 8 Rent subsidies, through the Department of Health and Human Services. The Planning Department's role involves policy formulation, collection and maintenance of demographic and housing data, and administration of development review activities. The Redevelopment Agency can expect to become the focal point for affordable housing programs for the foreseeable future, as the viability of the County's redevelopment activities will be dependent upon the County's capacity to also deliver affordable housing programs.

Given the commonality of factors associated with redevelopment and housing the report recommends that future affordable housing programs (with the exception of the Section 8 Rent Subsidy Program) be consolidated within the Redevelopment Agency. The initial organizational approach to housing and redevelopment activities is illustrated in the organizational chart shown on the next page.

Placer County Redevelopment and Housing Organizational Chart



A list of organization and staff recommendations includes the following:

1. Consolidate Housing Program staff under the Redevelopment Agency.
2. Hire a Permanent Housing Program Coordinator. (anticipated in May 1999)
3. Transfer MCC Program, Foothill Volunteer Center's Handyman Repair Program Coordination, and Existing Program Income Funds to the Housing Program.
4. Utilize outside consultant to assist in the establishment of Housing Program Guidelines and the initial implementation of rehabilitation and other new programs such as the Kings Beach Rehabilitation Program.
5. Build additional "in-house" Housing Program staff capacity as program funding reaches sustaining levels, beginning with FY 99-00.
6. Housing Program should formalize monitoring of all new residential construction within RDA's.
7. Housing Program should assume follow-up responsibilities on all formerly and newly constructed density bonus units.
8. Establish formal interdepartmental Staff Redevelopment Committee consisting of representatives of all implementation support departments and the executive management of the Redevelopment Agency. The Committee should be chaired by the Deputy CEO for Redevelopment.

Program recommendations include the following:

Current Year Housing Program Activities

1. Initiate Kings Beach Housing Rehabilitation Program.
Funding Source: CDBG, RDA
2. Initiate Residential Construction Monitoring within the North Tahoe and North Auburn Redevelopment Areas.
Funding Source: RDA
3. Monitor Density Bonus Construction.
Funding Source: Application Fees or General Fund
4. Continue Density Bonus Development Review Processing (Planning Department).
Funding Source: Application Fees or General Fund
5. Implement Mortgage Credit Certificate Program (when available)
General Fund (for administration only)
6. Initiate Organization and Program Planning for First-time Homebuyer, New Construction Assistance and Rehabilitation Programs.
Funding Source: RDA
7. Initiate North Auburn Mobile Home Repair Program.

Subsequent Year Program Activities (Years 2-5)

8. Initiate Planning for North Auburn Seniors Rental Housing New Construction Project.
Funding Source: RDA/HOME/Other sources (depending upon availability)
9. Initiate First-time Homebuyer Assistance Programs.
Funding Source: RDA/HOME/Other sources (depending upon availability)
10. Initiate North Tahoe Employee Rental Housing Construction Project.
Funding Source: RDA/Other sources (depending upon availability)
11. Continue and Expand Housing Rehabilitation Program.
Funding Source: RDA/CDBG/Other sources (depending upon availability)
12. Initiate Sheridan rehabilitation program.
Funding Source: CDBG/RDA